

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
August 11, 2009

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on August 11, 2009 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

R. W. (Rick) Kehlenbach, President
Dave Simac, Vice President
Janet E. Frakes, Secretary
Derek D. Drawhorn, Treasurer

and the following directors absent:

Kenneth W. Heussner, Asst. Secretary

Also present were Ms. Claudia Redden, the District's bookkeeper; Ms. Pat Hall, representing the District's tax assessor-collector; Mr. Mark Ivy, the District's operator; Mr. Dale Conger, representing the District's engineer; Ms. Anthea Moran and Mr. Greg Lentz, representing the District's financial advisor; Mr. Donovan Smith and Mr. Joe Davis, representing Spring Creek Court Homeowners' Association, Inc.; and Ms. Lori G. Aylett, attorney for the District.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. Minutes of the meeting of July 14, 2009 were presented for the Board's review and approval. Upon motion made by Director Simac, seconded by Director Frakes, the Board voted unanimously to approve the minutes as presented.

2. The Board reviewed the tax assessor-collector's report with Ms. Pat Hall, and a copy is attached. The District's 2008 taxes are 96.9% collected. One check was presented for the Board's approval. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

3. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 96% of the water produced during the month of July. The District billed \$122,361 and collected \$82,508. Mr. Ivy reported that water usage doubled from June's report. GM Services performed production tests on the water wells. Water well no. 1 is in good condition with marginal submergence being the primary concern. The District must throttle the pump back a little to keep it from drawing down so far. Water well no. 2 is in satisfactory condition. The operator is using AVR's billing system, and they have several on-line payment options. If the Board is interested in pursuing on-line payment options, an item can be added to the next agenda. The Board requested that this be done. The operator and Director Kehlenbach attended a Bilma PUD meeting to discuss coordination during emergencies. It was a productive

meeting, and the parties will continue to discuss coordination and emergency planning efforts. After discussion, upon unanimous vote, the operations report was approved as presented.

4. Mr. Dale Conger presented the engineer's report and reported that the four bids were submitted for the water plant chloramine conversion project. The low bidder was Gemini Contractor Services, Inc. with a bid of \$388,000. The engineer recommended award of the contract as bid, and upon motion made by Director Simac, seconded by Director Drawhorn, and unanimously approved, the contract was awarded to Gemini Contractor Services, Inc. The engineer reported that he had drafted a response to a property owner regarding his claims that District work had damaged a driveway, but the engineer needs information on the address of the owner. Upon unanimous vote, the engineer's report was approved as presented.

5. The Board reviewed bids for the sale of its \$1,125,000 Series 2009 Unlimited Tax Bonds. Ms. Anthea Moran confirmed that the District's underlying credit rating of Baa1 assigned by Moody's had been confirmed. Both FSA and Assured Guaranty qualified the District for bond insurance. The bonds will be traded with a credit enhanced rating of Aa2 from Moody's. Four bids were received, and the low bidder was Wells Fargo Advisors with a net effective interest rate of 5.194175%. The low bidder is proposing to insure the Bonds through Assured Guaranty. The financial advisor has checked the bids and confirmed their mathematical accuracy. The District had performed its bond issue feasibility analysis and estimated an interest rate of 7%, so the low bid was well below the financial advisor's estimate. The financial advisor recommended award of the sale of the bonds to Wells Fargo Advisors for the price bid. Upon motion made by Director Simac, seconded by Director Frakes, the Board voted unanimously to adopt the attached Order Awarding Sale of Bonds as presented.

6. The Board reviewed a Bond Order for the Series 2009 Unlimited Tax Bonds, and a copy of the order is attached. The order contains a number of legal covenants to the bondholders of the District. Principal among them is the District's promise to levy a debt service tax sufficient in rate and amount to pay the debt service when due. Also the District promises to take all actions to maintain the tax-exempt status of the bonds. The attorney reviewed the bond order with the directors in detail. Upon unanimous vote, the Board adopted the Bond Order as presented.

7. The Board considered approval of the Official Statement for the Series 2009 Bonds. The financial advisor noted that the Official Statement would now be finalized with interest rates and reoffering yields for all of the series of the bonds. The Official Statement will also include the name of the purchaser and information regarding Assured Guaranty, which is insuring the bonds. After review, upon unanimous vote, the Board approved the Official Statement for the Series 2009 Bonds.

8. The Board reviewed a Bond Register, Paying Agency and Transfer Agreement for the Series 2009 bonds with the Bank of New York Mellon Trust Company, N.A. After the District collects funds to pay principal and interest on the bonds, the District transfers them to the paying agent, which in turn distributes them to the owners of the bonds. After discussion, upon unanimous vote, the Board approved the Bond Register, Paying Agency and Transfer Agency Agreement as presented.

9. The attorney noted that there were a number of certificates, resolutions, orders and documents necessary to complete the approval, registration and delivery of the Series 2009 Bonds. The attorney requested that the Board President, Secretary and consultants be authorized to take all actions necessary to complete the approval, registration and delivery of the Series 2009 Bonds. Upon unanimous vote, the Board approved the certificates, resolutions, orders, and documents and authorized the necessary actions to be taken by the President, Secretary and consultants to complete the approval, registration and delivery of the Bonds.

10. The Board considered an Escrow Order for the escrow of certain proceeds of the Series 2009 Bonds, a copy of which is attached. The attorney reminded the Board that the District must escrow the capital contribution to be made to Bammel for 2009 and 2010, pending its release by the Texas Commission on Environmental Quality. The funds will be escrowed with Compass Bank. Upon unanimous vote, the Board adopted the Escrow Order as presented.

11. The Board discussed the Spring Creek Court detention pond with representatives of the Spring Creek Court Homeowners Association. The engineer noted that the permit application has been paid, but he has not yet received a copy of the permit. Director Simac asked a question on how the pond was to be maintained and whether it should have standing water in it. Mr. Donovan Smith of the Spring Creek Court Homeowners Association stated that the Association was trying to understand how to maintain the pond after it is cleared out. The operator noted that normally ponds are seeded twice a year: Bermuda grass is used in springtime, and rye is seeded in the fall. Mr. Smith noted that the Homeowners Association does not currently have funds available to mow the entire expanse of the pond once a month, and doing so would bankrupt the HOA. He wanted to meet with the Board sooner rather than later so that the Board's work in clearing the pond would not be wasted. The Board noted that the pond could not properly be maintained until the bottom is dewatered. The operator will bring bids to the next meeting for dewatering the bottom of the pond.

12. The Board reviewed the bookkeeper's report with Ms. Claudia Redden, and a copy is attached. After discussion, upon unanimous vote, the Board approved the bookkeeper's report and payment of bills listed thereon.

There being no further business to come before the Board, the meeting was adjourned.

Secretary